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WEST GERMANY

1968

PREPARED BY

THE TRADE AND INDUSTRY BRANCH  
~~TRADE AND INDUSTRY~~  
DEPARTMENT OF ECONOMICS AND DEVELOPMENT

950 YONGE STREET  
TORONTO, ONTARIO

1968  
West Germany  
1968



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WEST GERMANY

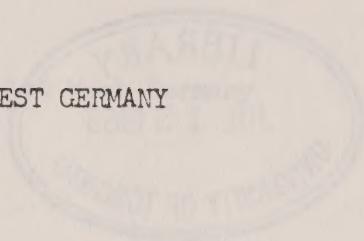


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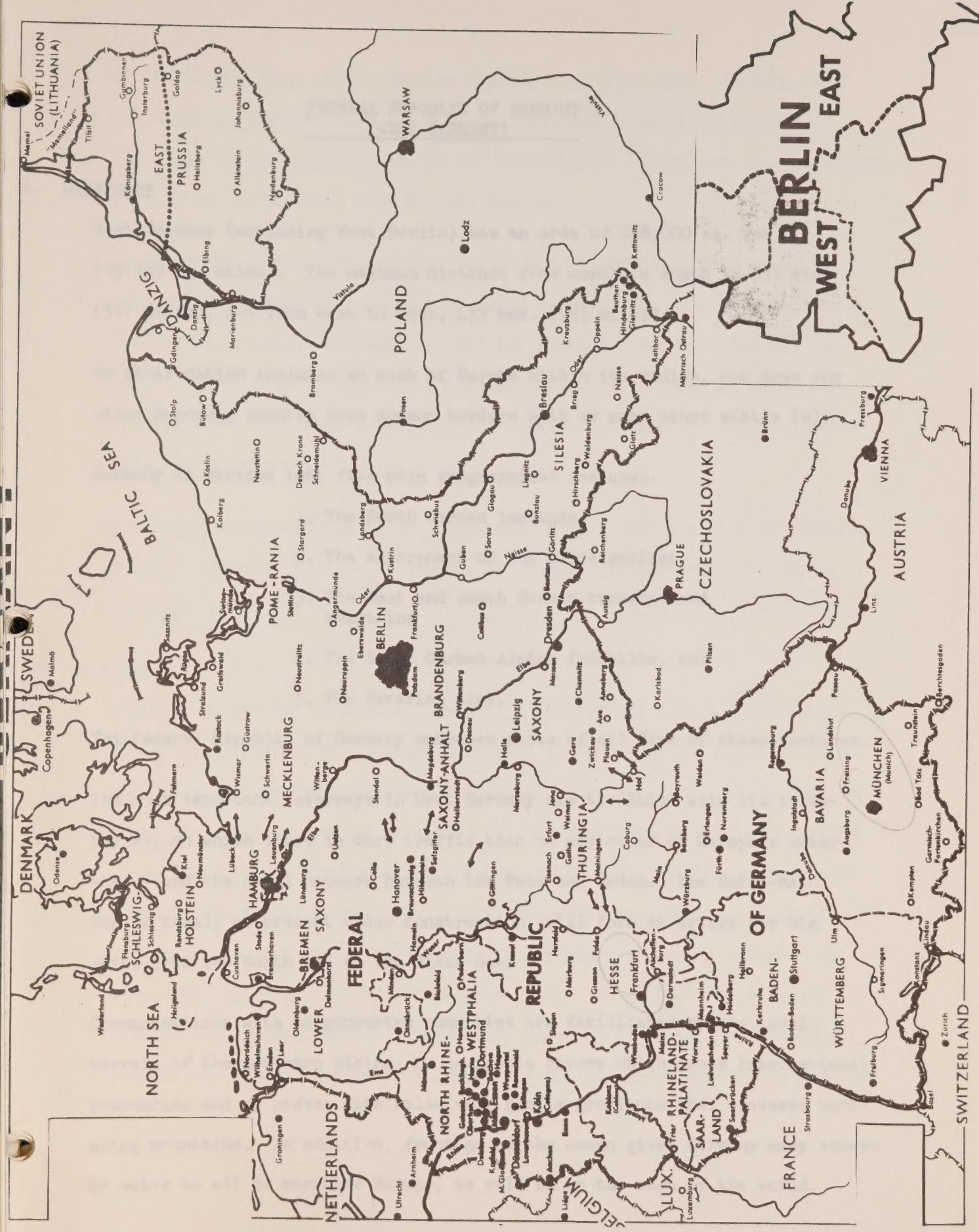
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FEDERAL REPUBLIC OF GERMANY  
(WEST GERMANY)

1. Geography

West Germany (excluding West Berlin) has an area of 248,000 sq. kms.

(95,753 sq. miles). The maximum distance from north to south is 832 kms.  
(517 miles), and from east to west, 453 kms. (281 miles).

No other nation includes so much of Europe within its radius, nor does any other European country have common borders with so many other states (9).

Germany is divided into five main geographical features:

1. The North German lowlands
2. The escarpment of the Mittelgebirge
3. The West and South German terraces and mountains
4. The South German Alpine foothills, and
5. The Bavarian Alps.

The Federal Republic of Germany embraces parts of all five of these features.

The most important waterways in West Germany are the Rhine with its tributaries, on which there is more traffic than on any other of Europe's waterways - and the canal network between the Ruhr and Emden. The Rhine-Main-Danube canal, at present under construction, will form an artery for big ships from the North Sea to the Black Sea.

Communications with neighbouring countries are facilitated by the level terrain of the northern plains, by navigable rivers which cross international boundaries and by passes with relatively gentle gradients that traverse bordering mountains. In addition, frontage on the ocean gives Germany easy access by water to all of maritime Europe, as well as to the rest of the world.



Of cities with more than a million inhabitants, there are: Hamburg (with 1.8 million), Munich (with 1.2 million) and West Berlin (2.2 million).

Bonn, the Federal capital has 143,000 inhabitants. There are also more than fifty other cities with over 100,000 people.

Following Germany's defeat at the end of the Second World War, sizeable portions of former German territory, were wrested from it. In addition, four of the victorious powers divided the remainder of the state and the capital city of Berlin into four occupational zones; three of which (the British, French and American occupation zones) now form the German Federal Republic (West Germany).

The eastern segment (the Soviet occupation zone), together with the former Soviet - occupied portion of Berlin, now comprises the German Democratic Republic.

## 2. Climate

Climatic conditions in Germany, despite a latitudinal extent of more than 500 miles, differ little because increased elevation in the south counteracts the effect of more southerly locations. The more conspicuous temperature contrasts are caused by differences in proximity to the ocean and by local variations in elevation within the upland area. In the eastern part of the North German Plain, greater distance from the ocean is reflected in the occurrence of somewhat colder winters and slightly warmer summers than those which prevail in the more maritime west. In central and southern Germany, the mildest winter temperatures occur in the deep river valleys, whereas the lowest temperatures prevail in the highest parts of the uplands.



As one proceeds from the north-west towards the east and south-east there is an appreciable but gradual transition from a more oceanic to a more definitely continental climate.

Germany's predominantly marine climate favours the nation's development.

The average temperature in January - the coldest month of the year in Germany varies at sea level from 34° F., ranging in the mountains to under 21° F. In the height of summer, mid-July, temperature in the North German and East German lowlands are 61° F. to 66° F.

### 3. Population

West Germany has a population of 59,638,000 (1966) with a density of 240 persons per sq. kilometer.

Despite losses incurred during the last war, the size of the population is approximately the same as it was before the Second World War, because some 12 million Germans have returned to their homeland from Poland, Czechoslovakia, Austria, Hungary, Romania, Yugoslavia and the former Baltic States. Consequently, Germany now has one of Europa's highest population densities.

In the world's birth statistics, West Germany is far below other countries. The number of babies born alive for every 1,000 inhabitants was, in 1965 in the Federal Republic, 17.9. In Canada it was 21.4.

According to the results of the microcensus of 1961, gainfully employed persons, according to economic divisions, in Germany were, in percentages, as follows:



ECONOMIC DIVISIONS

	<u>Percentage of Total</u>
Agriculture, forestry, animal-keeping and fishery	13.5
Power industry and water supplies, mining	3.0
Manufacturing industry (excl. mining)	37.5
Building trade	7.7
Trade	11.8
Transportation and communications	5.6
Banking and insurance	1.7
Services	11.2
Non profit organizations and private households	2.0
Regional corporations and national insurance	5.5
Other	<u>0.5</u>
TOTAL	100 %

4. Constitution and Government

The Constitution of the Federal Republic of Germany of May 23, 1949, is its basic law. It includes the republican and democratic principles, federative structure and a strong constitutional jurisdiction.

The organs of the Federal Republic are: Bundestag, Bundesrat, Government with the Federal Chancellor and the Federal President.

The Bundestag (Federal Diet) is elected by the people for a period of four years. It passes the laws and exercises supervision over the executive. Both, the Government and the Federal Administration are under its control. Since September, 1961, it has had 499 deputies (previously 497), plus 22 deputies furnished by West Berlin which have a consultative vote only.



The Bundesrat (Federal Council) is a federative organ of the Bund. It consists of 41 members appointed by the "Lander" Government, from their ranks, as well as four representatives from West Berlin who have a consultative vote.

Many Federal laws can be enacted only if the "Bundesrat" expressly approves them. These are laws affecting certain rights and interests of the Lander. To some extent the "Bundesrat" can be called the "Second Chamber".

The Federal Government is charged with the essential political function of directing the State and co-ordinating its principal organs.

The Chancellor determines the general lines of policy for which it is, therefore, responsible. The Chancellor is elected by a majority decision of the Bundestag, after nomination by the Federal President.

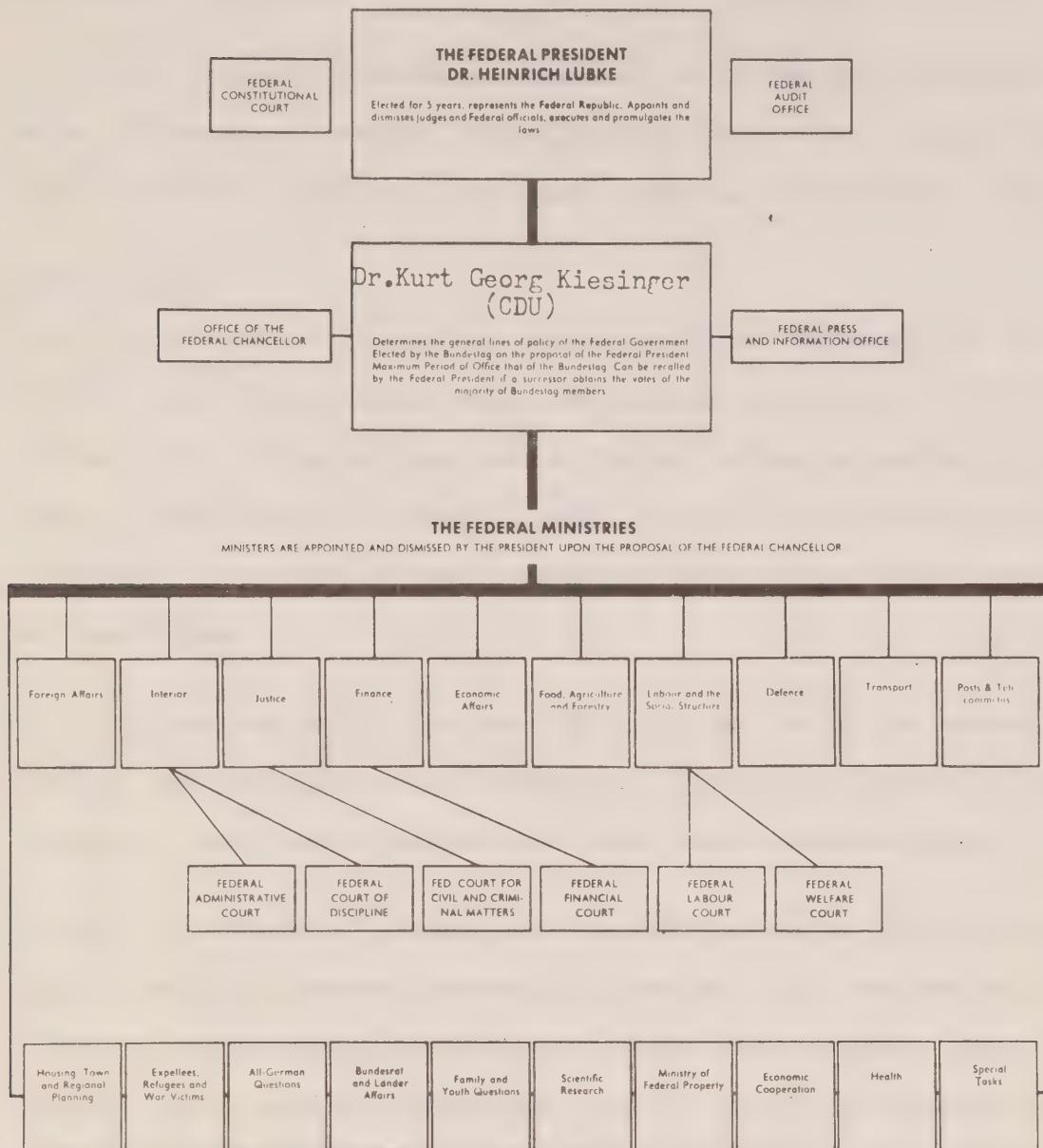
The Federal President heads the Federal Republic. He is elected for a period of five years by the Federal Assembly. Since 1959, this position has been held by Dr. Heinrich Lubke.

The Federal Constitutional Court, which is situated in Karlsruhe, represents a State court of judicature, independent of all other constitutional organs of the Federal Republic.

Under the Federal Court of Justice come 19 "Upper Land Courts" of second and third instance. Then come the "Land Courts" of first and second instance, and finally the "Country" or "District" courts.



## THE STRUCTURE OF THE FEDERAL REPUBLIC OF GERMANY



Foreign Affairs and Vice-Chancellor, Willy Brandt (SPD); Interior, Paul Luecke (CDU); Justice, Gustav Heinemann (SPD); Finance, Franz Josef Strauss (CSU); Economic Affairs, Prof. Dr. Karl Schiller (SPD); Food, Agriculture and Forestry, Hermann Hoccherl (CSU); Labour and the Social Structure, Hans Katzer (CSU); Defence, Dr. Gerhard Schroeder (CDU); Transport, Georg Leber (SPD); Posts & Telecom., Werner Dollinger (CSU); Housing, Town and Regional Planning, Dr. Lauritz Lauritzen; Expellees, Refugees and War Victims, Kai-Uwe von Hassel (CDU); All-German Affairs, Herbert Wehner (SPD); Bundesrat & Lander Affairs, Prof. Dr. Carlo Schmid (SPD); Family & Youth Affairs, Dr. Bruno Heck (CDU); Scientific Research, Dr. Gerhard Stoltenberg (CDU); Federal Property, Kurt Schmuecker (CDU); Economic Cooperation, Hans Juergen Wischniewski (SPD); Health, (Mrs.) Kaete Strobel; Special Tasks, dissolved (SPD).



On February 6, 1957, the Bundestag confirmed Berlin's status as the capital of Germany. The seat of the Federal Government continues to be Bonn.

The Federal Republic of Germany consists of the following 10 "Länder: (or States)  
Baden - Württemberg, Bavaria, Bremen, Hamburg, Hesse, Lower Saxony, North Rhine Westphalia, Rhineland - Palatinate, Saarland and Schleswig - Holstein.

5. Economy - General

After the military, political and economic collapse, following the Second World War, the German economy had to be built up under the most difficult circumstances. There had been, during the war, extensive destruction and damage of machinery and equipment; many industrial establishments were dismantled; productive equipment was out of date, and the German currency had been ruined.

The plants and equipment which were left intact by the war had escaped dismantling and were obsolete and inefficient. Expansion of production was, therefore, the primary objective of the West German economic policy.

The post war division of Germany into two political units, which have been almost completely divorced, economically, from each other has created a serious maladjustment in the functioning of the German economy. Most of Germany's more productive agricultural land is found in the eastern areas. Germany's richest potash deposits lie in East Germany.

The political boundary that now divides Germany, severs important overland transportation routes, for many of these were focused on Berlin which now lies deep within East Germany.



The rapid recovery since 1948 of the German economy, has caused some foreign observers to talk of a "German economic miracle". Germans themselves feel that this concept is inappropriate. They know that it was the Marshall Aid Plan and inter-European co-operation that acted as a priming agent to get the economy moving again.

Today Germany ranks first among the continental countries in production of many basic commodities, including potatoes, sugar beets, barley, oats, butter, pork products, pig iron, steel, synthetic rubber, cement, nitrogen fertilizers, coal and lumber. In addition, it is one of the continent's major producers of salt, aluminium, machinery, vehicles, textiles, optical goods, precision instruments, chemicals and drugs.

German workers now have the highest pay rate and the shortest work hours in Europe. The domestic labour force is insufficient, and foreign workers today make up 4.5% of the total German labour force.

The number of foreign workers at the end of June 1966, reached a new high, in excess of 1.31 million (of these almost 30% are Italians, close to 16% Greeks, nearly 15% Spaniards, and 11.5% Turks).

Labour shortages and consequent wage increases have also, contributed to inflationary tendencies. The German Government has so far been quite successful in holding back inflation by a tight money policy, by cutting some public expenditures.

The experience of two inflations within the lifetime of one generation has made the German people extremely conscious of inflationary dangers. Therefore, price stability has been a primary objective.



## 6. Agriculture

West Germany possesses significant agricultural resources. 86% of the total area of West Germany is being used for agriculture or forestry, and this percentage is only very slowly decreasing.

Agriculture in West Germany is mainly of the peasant farming type, with small and medium sized family holdings predominating. There are also a large number of small farms, the owners having a subsidiary occupation or even one which comes first.

The area disposition in 1962 of West Germany was as follows: (1)

Disposition of total area according to main categories of utilization:

	<u>1,000 acres</u>	<u>%</u>
Agricultural Area	35,036	57.4
Woods and Forests	17,591	28.8
Moorland (uncultivated)	457	0.8
Waste and Barren land	1,675	2.7
Waters	1,013	1.7
Remaining Area (1)	<u>5,224</u>	<u>8.6</u>
TOTAL AREA	60,997	100.0

Disposition of agricultural area according to crops:

Arable land	19,479	55.6
Gardens	1,011	2.9
Orchards	193	0.5
Vineyards	195	0.6
Meadowland	8,933	25.5
Pastureland	5,194	14.8
Tree Nurseries and osier Plantations	<u>32</u>	<u>0.1</u>
TOTAL	35,037	100.0

(1) In 1966, the percentage utilization of West Germany's area disposition was as follows: Agricultural Area 56.7%; Wood and Forest 29.0%; Moorland 0.7%; Waste and Barren land 2.6%; Waters 1.7%, Remaining area 9.3%.



Disposition of the arable land according to main groups of produce:

	<u>1,000 acres</u>	<u>%</u>
Grain	12,100	62.1
Pulses	106	0.5
Root Crops	4,344	22.3
Vegetables and garden produce	225	1.2
Commercial plants	203	1.0
Fodder plants	2,305	11.9
Crops for ploughing down fallowland	<u>195</u>	<u>1.0</u>
TOTAL	19,479	100.0

NOTE: 1 - 1962, Federal Area incl. Saarland and excl. Berlin.

2 - Farm buildings and yards, woods and paths, railways, cemeteries, public parks, gardens and sports grounds - aerodrones and training areas.

SOURCE: Germany Reports IV: Agriculture.

Agriculture is practiced in virtually every part of the country. However, the types of crops grown and of livestock raised, as well as the intensivity of agricultural development, differ from one part of the nation to another in response to dissimilar environmental conditions.

The principal crops by area and production in West Germany, 1961 - 1963, were as follows:

	AREA ('ooo hectares)			PRODUCTION ('ooo metric tons)		
	1963	1964	1965	1963	1964	1965
Wheat . . . . .	1,382	1,447	1,412	4,856	5,203	4,348
Rye . . . . .	1,139	1,146	1,128	3,239	3,609	2,825
Barley . . . . .	1,144	1,153	1,193	3,562	3,915	3,364
Oats . . . . .	770	766	727	2,321	2,308	2,052
Mixed Grains . . . . .	481	467	438	1,409	1,453	1,201
Sugar Beets . . . . .	301	327	299	12,493	12,863	10,939
Potatoes . . . . .	925	851	783	25,812	20,624	18,095

SOURCE The Europa Yearbook.

The livestock industry is the main source of income of farmers in West Germany,



particularly those farms that are of a small or medium size. Animal products account for nearly two - thirds of the total proceeds from sales.

The stocks of cattle, pigs and poultry, which had gone down very greatly during the war and the first post-war years, have since been built up again and are now, in part, considerably over the pre-war level as a result of improved breeding, feeding and attention. Production per animal far exceeds the pre-war position.

The livestock and dairy produce in West Germany in 1961 - 1964 was as follows:

LIVESTOCK ('000 Head)	1961	1962	1963	1964	1965
Horses	636	560	493	417	360
Cattle	13,281	13,355	13,014	13,053	13,680
Pigs	17,218	16,869	16,643	18,146	17,723
Sheep	1,011	981	898	841	797
Chickens	66,014	66,213	72,964	77,563	82,296

DAIRY PRODUCE	1961	1962	1963	1964	1965
Milk ('000 metric tons)	19,886	20,307	20,714	20,841	21,183
Butter "	*	432	449	465	472
Cheese "	*	164	163	165	173
Eggs (millions) "	*	8,421	9,133	9,997	11,194
					11,930

NOTE: \* Excluding Berlin.

SOURCE: The Europa Yearbook.

In 1962, in West Germany there were 1,583.9 thousand farms, of which there were:

from 1.2 to 4.9 acres	446.7 thousand farms
from 4.9 to 12.4 acres	379.5 thousand farms
from 12.4 to 24.7 acres	323.9 thousand farms
from 24.7 to 49.4 acres	293.2 thousand farms
from 49.4 to 123.6 acres	124.6 thousand farms
from 123.6 to 247.1 acres	13.3 thousand farms
from 247.1 and over	2.7 thousand farms

SOURCE: German Reports IV, Agriculture, Forestry and Fishery.

The majority of farms are relatively small and in some districts very much split up through the traditional division among heirs.



The proportion of gainfully employed persons in West Germany engaged in agriculture is constantly diminishing, to the advantage of the other spheres of industrial life. With the general population rapidly increasing, the reduction in the proportion engaged in agriculture has been even more marked.

For this reason, agriculture in West Germany is characterized by rapid technological progress and motorization at high cost. At the end of 1962 there were already 1 million tractors in operation. Only by this increased mechanization in field and farmyard operations, has it been possible to make up for the sharp decline in manpower.

Although the Federal Republic produces almost three-quarters of its own food requirements, it is still necessary to import foodstuff worth \$3 billion each year. This import is also influenced by the change in the West German diet. Particularly characteristic is a great reduction in the consumption of cereals and potatoes and an increase in the consumption of fruit and of foods of animal origin: meat - particularly poultry - eggs, cheese and butter.

Agriculture is an important part of the economic policy of the EEC countries. In December, 1964, the EEC countries agreed on a uniform wheat price which is to become effective in 1967 and now forms the basis for the Euromart's common agricultural policy.

#### 6a Fishing

In view of the catastrophic food situation, immediately after the capitulation, the Occupying Powers concerned themselves with getting the deep-sea fishing industry on its feet again.

Since 1945 West Germany's fishing catches have risen from 80,000 to more than 566,319 tons in 1966. West Germany's fishing industry comprises about 20,000



enterprises, employing about 110,000 persons, of whom 13,000 are serving on fishing vessels. The turnover of these enterprises totals about 3,800 million DM.

The fishing catch in West Germany was (in '000 metric tons), in 1961 - 1964, as follows:

	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
Deep-sea Trawlers	345.6	363.6	358.3	330.5	350.6	360.7
Herring Fleet	59.0	44.7	63.8	61.1	53.9	42.7
Others	<u>132.1</u>	<u>137.1</u>	<u>138.7</u>	<u>149.6</u>	<u>141.8</u>	<u>162.9</u>
TOTAL	536.7	545.5	560.8	541.2	546.3	566.3

SOURCE: The Europa Yearbook.

\* 1962 & 1963 excluding Berlin.

#### 7. Forestry

Some 7 million hectares (17.5 million acres) i.e., 28.8% of the total area of West Germany is under timber, two-thirds of the trees being coniferous. The forest and woods are managed by 700,000 individual undertakings, though nearly half of all the woodland is in the hands of only 1,900 forestry concerns, each having an interest of 500 hectares (1,250 acres) or over. The Bund, Lander, and the communes own about 30% of the forests and woods. A similar amount is owned by corporations, while 42% is privately owned.

In mountainous regions the spruce predominates, whereas in sandy soil its place is taken by the pine and birch, which constitute 24% of the forest.

Many acres of cultivated forests yield appreciable quantities of lumber as well as wood for other purposes.

Production in the West German forestry industry (Excluding Berlin), 1960 - 1964, was as follows:



	Sawn Timber ('000 cu.m.)	Mechanical Wood-pulp (tons)	Paper (tons)	Newsprint (tons)	Cellulose (tons)	Boards and Cardboards (tons)
1960	7,739	610,254	2,537,442	230,423	744,596	866,210
1961	8,490	602,036	2,618,523	228,910	742,641	874,978
1962	8,497	594,055	2,699,666	230,582	715,655	900,789
1963	8,096	576,194	2,827,123	205,298	711,931	915,777
1964	8,801	581,137	3,062,734	201,663	673,992	962,664
1965	8,892	598,682	3,212,170	216,809	671,563	1,009,810

SOURCE: The Europa Yearbook.

With an increasing upswing in the German economy and a rising living standard, timber consumption is also rising. At present about two-fifths of all timber requirements have to be met from imports.

#### 8. Mining

In West Germany there are extensive deposits of high grade coal, as well as large reserves of poorer quality coal, but nevertheless, useful lignite. Germany is also endowed with major reserves of potash and salt. At present West Germany produces 2.4 million tons of potash with 100% K<sub>2</sub>O content. Furthermore, small amounts of iron ore, copper, lead and zinc, make additional, although much more modest contributions to the country's mineral wealth.

More importance, however, is attached to the deposits of hard coal in the Aachen and Ruhr areas, Saarland, the Swickau valley, the Waldenburg district and upper Silesia. In the North German plain, the crude oil deposits, in the north-west, are of importance.

Selected West German mining production (excl. Berlin) in 1961-1964 was as follows:

	1961	1962	1963	1964	1965
	('000 metric tons)				
Coal	142,741	141,135	142,116	142,201	135,077
coke	37,044	36,054	35,213	37,394	37,903
Lignite	97,194	101,251	106,658	110,945	101,906
Lignite Briquettes	15,515	15,800	15,834	15,356	12,682
Iron Ore (Fe content)	5,011	4,469	3,477	3,145	2,929
Potash (K <sub>2</sub> O)	2,400	2,264	2,283	2,201	2,384
Crude Oil	6,204	6,776	7,383	7,673	N.A.

SOURCE: The Europa Yearbook.

N.A. Not Available



The production of iron ore in West Germany remained far below the growing demand. Recourse had, therefore, to be made extensively to the importing of iron ore, mainly from Sweden. The main reason for a reduction in the proportion of domestic ore supplied to blast furnaces, is that a substantial part of domestic ore can no longer compete in price with high-grade ore offered from abroad. By the beginning of 1962, the proportions of domestic ore consumed by blast furnaces had gone down to less than 15 percent.

Just as in iron ore mining, so in the extraction of metallic ores (lead and zinc), unprofitable undertakings have had to be closed down. In this branch of industry, too, the gaps in requirements have had to be filled largely by imports.

The number of miners working underground, which reached a peak in the autumn of 1957, with more than 380,000, had gone down to 275,000 by February, 1962.

#### 9. Industry

West Germany is a typical industrial country. In September, 1961, there were approximately 94,200 industrial enterprises. Of those, about 1.3% were large-sized businesses, employing 1,000 or more; 6.5% were medium sized concerns, employing from 200 to 999, and 48% were smaller businesses with from 10 to 199 employees. Very small concerns engaged in work of a specialized nature and with a staff of less than 10, comprised 44% of the total number of enterprises. However, 81% of all persons employed in industry are in establishments having a staff over 100.

In West Germany, including West Berlin, about 8.5 million persons were employed in industry out of a total of roughly 22 million in the whole of



the economy.

The output of selected West German industries (Excluding Berlin) in 1961 - 1964, was as follows:

	UNIT	1963	1964	1965
Electricity . . . . .	Million kWh '000 metric tons	147,271 22,909	164,841 27,182	172,338 26,990
Pig-iron . . . . .	" " "	31,022	36,702	36,171
Steel Ingots . . . . .	" " "	20,990	24,954	24,836
Rolled Steel . . . . .	" " "	8,176	9,000	9,785
Motor Spirit . . . . .	" " "	7,246	6,788	6,910
Diesel Oil . . . . .	" " "	29,217	33,632	34,133
Cement . . . . .	" " "	1,948	2,201	2,384
Potash (K <sub>2</sub> O) . . . . .	" " "	2,707	2,940	3,062
Sulphuric Acid (SO <sub>3</sub> ) . . . . .	Metric tons	1,054,512	1,133,631	1,165,018
Soda (Na <sub>2</sub> CO <sub>3</sub> ) . . . . .	" " "	1,046,514	1,122,101	1,178,405
Caustic Soda . . . . .	" " "	919,592	1,017,211	1,081,077
Chlorine . . . . .	" " "	1,067,239	1,051,060	1,038,636
Calcium Carbide . . . . .	" " "	950,460	979,030	1,050,318
Nitrogenous Fertilizers (N) . . . . .	" " "	558,876	609,806	638,770
Phosphatic Fertilizers (P <sub>2</sub> O <sub>5</sub> ) . . . . .	" " "	1,435,058	1,755,360	1,972,851
Artificial Resins, Plastics . . . . .	" " "	373,422	436,696	471,190
Artificial Fibres . . . . .	" " "	208,782	219,918	238,195
Aluminium . . . . .	" " "	235,207	238,761	267,327
Copper . . . . .	" " "	150,737	155,992	154,721
Zinc . . . . .	" " "	229,541	223,296	226,957
Lead . . . . .	" " "	269,652	305,481	338,404
Tyres and Tubes . . . . .	" " "	488,724	500,996	503,095
Wool and Cotton Yarns . . . . .	" " "	305,450	307,612	330,228
Machine Tools . . . . .	" " "	100,781	122,400	121,325
Internal Combustion Engines . . . . .	" " "	321,994	405,487	468,273
Agricultural Machinery . . . . .	" " "	89,507	103,991	110,956
Textile Machinery . . . . .	Number	2,661,984	2,903,967	2,970,830
Motor Cars, Lorries, Buses . . . . .	"	1,205,941	1,254,649	1,311,893
Motor Cycles and Bicycles . . . . .	"	5,428,919	5,915,021	6,618,455
Radio and Television Sets . . . . .	'000	28,294	32,139	34,276
Clocks and Watches . . . . .	" " "	158,792	161,225	168,129
Shoes . . . . .	'000 pairs	231,932	260,051	260,426
Cameras . . . . .	Thousands DM			

SOURCE: The Europa Yearbook.

In West Germany, the main emphasis in industrial production is on the manufacturing output. In 1961, this sector accounted for 89% of total production. The breakdown is as follows:



Basic materials and production goods industries	25%
Capital goods industries	32%
Consumer goods industries	18%
Food industry	14%
Mining	5%
Power generation	4%
Building trade	2%
TOTAL	100%

Focal points of industrial activity are the Rhine-Ruhr district, the Rhine-Main area, and South-West Germany. The North German coastal area, too, is becoming increasingly industrialized.

Germany's manufacturing is concentrated here mainly because of the location of large coal fields in the area. The availability of other minerals in this section, has also attracted manufacturers. However, there are highly industrialized areas in the non-mineralized parts of the country. Such factors as ports, urban markets, labour supply, agricultural resources, and electric power sites, have fostered the evolution of manufacturing enterprises in widely scattered parts of the country.

The West German Government has a substantial stake in the country's industry, dating back to the post War I period. A denationalization program, begun in 1959, is proceeding slowly.

The Government has participation ranging from 25% to 100%, in 230 companies, whose sales in 1963 amounted to nearly \$2 billion, who employed some 220,000 people, and turned out 2.5% of the country's total industrial production.

Despite the fact, that handicrafts in many regions were superseded by industry, small engines and a host of engine-tools and machine-tools have made branches of handicraft industries competitive once more. At the same time, technological development has given handicraft industries new fields of endeavour.



West Germany's handicraft industries as at September 30, 1962, accounted for 3,886,000 employees, and total turnover in 1961 of \$21,025 million.

#### 10. Electricity

The most important source of power used for producing electricity in West Germany is still coal. West Germany has relied for many years on extensive resources of bituminous coal and lignite in the Ruhr area to supply its power plants.

Consumption of coal for production of electricity in West Germany in 1961 - 1963, was as follows:

	<u>Soft Coal</u> Million KWh	<u>Hard Coal</u> Million KWh
1961	32,856	75,597
1962	36,153	83,535
1963	39,844	90,208

SOURCE: Statistisches Jahrbuch, 1965.

Mining expenses are however, increasing and West Germany, as many other countries, is finding it necessary to excavate ever deeper for coal.

Water power is also used extensively, particularly in South Germany, for the generation of light and power.

According to the United Nations Statistical Yearbook, installed capacity of electric energy in West Germany in 1960 - 1965, was as follows: (1)

<u>Code (2)</u>	<u>Type (3)</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>
		Thousand Kw.					
1 + P	Total	27,665	29,102	31,207	33,977	36,145	N.A.
	Hydro	3,349	3,475	3,511	3,566	3,693	4,072
P	Total	17,203	17,799	19,161	21,071	23,644	N.A.
	Hydro	2,956	3,081	3,109	3,164	3,289	3,670

See Page 18 for Notes-

N.A. not available



NOTE: (1) Beginning in 1960, figures for West Germany, include those of the Saar.

(2) Code P = enterprises generating primarily for public use.  
I = industrial establishments generating primarily for own use.  
I + P total installed capacity.

(3) Type "Thermal" can be derived by subtracting "Hydro" from "Total" except in the countries in which "Nuclear" or "Geothermic" are produced.

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In 1966 power plants in Germany, excluding West Berlin, generated 178,318 million KW hours.

About 60% of the total hydro-electric resources in West Germany have not yet been exploited.

Energy consumption in West Germany in millions of metric tons of coal equivalent and in kilograms per capita was as follows:

	Total	Per Capita
1960	203.56	3,673
1961	204.40	3,632
1962	221.60	3,889
1963	237.93	4,121
1964	246.59	4,230
1965	250.01	4,234

SOURCE: United Nations, Statistical Yearbook.

Of the total electricity generated, industry consumes more than 70%, private households about 12% and the remainder is used by commercial undertakings, transportation, agriculture and public facilities.

According to the West German Statistical Bureau the consumption of electricity by types of consumers, in 1961 - 1965 was as follows:



	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>
	Million KWh				
Public electricity undertakings - own use	6,240	6,916	7,712	8,472	8,854
Industry	81,906	85,760	90,822	99,190	105,307
Transportation	3,888	4,309	4,778	5,287	5,657
Trade and Handicraft	8,241	9,121	9,997	11,308	12,459
Agriculture	2,175	2,395	2,762	3,037	3,325
Households	13,877	16,058	18,345	21,152	23,884
Misc.	4,677	5,284	5,883	6,744	7,183
Loss and various	7,883	8,659	9,438	10,611	9,912
Exports	1,777	2,561	3,891	5,312	4,777

The ownership of power plants in West Germany by percentages was as follows:

Federal, State or Municipal Governments	54.2%
Private Utility Companies	3.1%
Mixed Economy, Public and Private	42.7%

The forecast of Installed Generating Capacity of West Germany in MW is as follows:

<u>Year</u>	<u>Hydro</u>	<u>Thermal</u>	<u>Nuclear</u>	<u>Total</u>
1965	3,875	29,975	65	33,915
1970	3,875	42,425	1,200	47,500
1975	4,000	60,000	4,000	68,000
1980	4,000	79,000	12,000	95,000
1985	4,200	105,800	26,000	136,000

SOURCE: Atomic Handbook.



11. Nuclear Energy

In 1955 with the creation of the German Atomic Energy Commission, there began in West Germany a new era in nuclear research and development. At the same time there was founded a number of nuclear research institutes.

Although the Federal Government contributed to the development of nuclear energy, its support was only in initial aid. It did not own nuclear power plants and its policy was one of not competing with public or privately owned utilities.

West German utility companies have not been bounded by Federal directives, and have increasingly been seeking bids for nuclear power plants on the international market.

Development of diversified nuclear power reactor systems in West Germany has yielded remarkable results far sooner than originally expected. At the present time the German nuclear industry is capable of constructing reactors, and has even developed new approaches in the design and engineering of advanced reactor systems.

At present, several nuclear power plants in West Germany are already in operation. There are:

Kahl, a 15 MW Boiling Water American-designed reactor completed in 1961.

Julich, a 15 MW, high temperature, gas-cooled reactor, which began operations in 1965.

Karlsruhe, a 50 MW, heavy-water-moderated gas-cooled natural uranium fuelled reactor. This is one of the longest heavy water reactors in the world.



Under construction are:

Gundremmingen (Danube), a 237 MW, Boiling Water Reactor, due for completion in 1966.

Lingen (Ems), a 250 MW, Boiling Water Reactor, scheduled for completion in 1968, and

Obrigheim (Neckar), a 283 MW, Pressurized Water Reactor, also scheduled for completion in 1968.

German efforts towards the building and operation of demonstration nuclear power plants and advanced prototype reactors have been supplemented by the construction of the first European nuclear-powered merchant vessel, 15,000 ton ore carrier, "Otto Hahn".

West Germany has natural uranium deposits, which would favour the selection of the natural uranium type of reactor. The uranium fields are in the Ellweiler district and Lengenfeld. Moreover these deposits proved larger than had originally been expected.

Money expended by the Federal and State (Land) Governments in West Germany, for peaceful uses of atomic energy, was as follows:

	<u>Federal</u> <u>(Millions of dollars)</u>	<u>Land</u>
1961	62.29	26.21
1962	83.49	30.02
1963	109.84	56.52
1964	121.31	Not available
1965	136.91	Not available



The West German nuclear power programme evolved as a result of considerable initiative and active participation by industry. Industrial experts reckon that by 1975 it will be possible to market atomic energy at the same price as electricity or gas.

The major field in which radioisotopes are used in West Germany are: radiation, hydrology and industrial techniques, and for sterilization. In 1963, 60,000 curries of radioactive isotopes were used in West Germany.

12. Gross National Product

West Germany is the second most important manufacturing nation in the western world and has the second largest G. N. P. Gross National Product in West Germany decreased in 1967, for the first time in the last 18 years. Overall industrial productivity rose by 2.5%.

The G. N. P. of West Germany at market prices, 1955-1967, was as follows:

<u>YEAR</u>	<u>MILLIONS U.S. \$</u>
1955	44,210
1958	56,710
1959	61,550
1960	70,100
1961	80,880
1962	87,630
1963	94,200
1964	103,000
1965	112,200
1966	129,000
1967 (estimates)	119,400

The estimates for 1968 are \$123,000 million. Percentage of real growth 1967-1968 is 3%.

G. N. P. per capita in 1966 was \$2,160



The breakdown of West Germany's G. N. P., in 1961 prices, (Federal Area excluding West Berlin and Saarland) was as follows:

<u>CONTRIBUTION OF THE ECONOMIC SECTORS</u>	<u>MILLIONS \$</u>	<u>% SHARE</u>
Agriculture and forestry, fishery	4,425	5.7
Mining and power industry	3,700	4.8
Manufacturing trades	33,250	42.8
Building trade	5,475	7.0
Trade	10,275	13.2
Transport and communications	4,075	5.2
Banking and insurance	2,625	3.4
House-letting	2,250	2.9
State	5,875	7.6
Other services	5,650	7.4
<hr/>		
Gross National Product	77,600	100.
<hr/>		

Source: Facts about Germany

From the point of view of the origin of the G. N. P., production and capital goods and durable consumer goods were mainly responsible for development. 54.6% of the G. N. P. represented manufacturing, mining and power and construction sectors.

Utilization of the G. N. P. in West Germany (excluding West Berlin, including Saarland) in current 1961 prices was as follows:



<u>HOW UTILIZED</u>	<u>MILLIONS U.S. \$</u>	<u>% SHARE</u>
Private consumption	44,075	56.8
State consumption	10,925	14.1
Investment:		
Equipment	9,675	12.5
Buildings	9,725	12.5
Stocks	1,500	1.9
Exports of goods and services	18,475	23.8
- Imports of goods and services	- 16,775	- 21.6
<hr/>		
Gross National Product	77,600	100
<hr/>		

Source: Facts about Germany

Growth of West Germany's economy in the last decade has been particularly impressive when compared with the position in other Western countries.

It is clear that the only way in which further growth of G. N. P. can be achieved is by improving productivity.

13. Foreign Trade

Immediately after the end of the Second World War, there was no German external trade in the actual meaning of the term. Raw materials were exported and foodstuffs were imported. Gradually, raw material for industrial purposes was included in the import programme. Raw materials imported were, however, intended exclusively for the manufacture of



articles for export in order to pay for the goods imported.

In company with most of the other European countries, at the end of 1958, West Germany went over to the free convertibility of currency.

Before the currency reform, imports could be covered by exports, to the extent of only some 40%. The majority of imports were paid for out of Allied funds. From 1950 this foreign aid was rapidly reduced, and even by 1951 the full payment of all imports was insured by the yield from exports.

Today West Germany occupies an exceptionally favourable position in international trade. It became the world's second largest importer in 1965, after the United States. German world-wide imports in 1966 came to \$18.0 billion. The United States imports, f.o.b., from all sources in 1966 amounted to \$25.6 billion. (Both figures were calculated by IMF).

Approximately 17% of West German industry's turnover is accounted for by exports, which proves its great dependence on foreign markets.

West German exports in 1966 were \$20.1 billion, while United States exports were \$30.4 billion (including Military Aid). Both figures are f.o.b.

In 1966, West Germany had an export surplus of U. S. \$2,112 million, compared with U. S. \$420 million in 1965. Imports were up 2.8% (to \$17,892 million), exports were up 10.5% (to \$20,134 million). The largest import increase was in finished products, a result of higher prices, and the fact that most German industries were working at full capacity.

West Germany's imports by commodity groups (SITC classification) were:



The table below shows West Germany's imports from all countries and from Canada, total and percentage of total:

SITC No.	Item	1964			1965			1966		
		Total		Canada as Percent-	Total		Canada as Percent-	Total		Canada as Percent-
		Thousand U.S. Dollars	From World	From Canada	U.S. Dollars	From World	From Canada	U.S. Dollars	From World	From Canada
0	Food and live animals	2,723,299	60,109	2.21	3,342,562	63,072	1.89	3,392,761	54,732	1.61
1	Beverages and tobacco	279,823	3,417	1.22	308,614	1,476	0.49	346,786	1,475	.43
2	Crude materials, excluding fuels	2,688,476	61,815	2.30	2,823,935	81,998	2.90	2,833,404	83,579	2.95
3	Mineral fuels, etc.	1,341,571	759	0.06	1,364,129	-	-	1,494,477	406	0.02
4	Animal, vegetable oil, fat	158,415	-	-	193,274	426	0.22	176,670	560	.32
5	Chemicals	672,601	2,816	0.42	839,903	2,785	0.33	876,615	3,368	.38
6	Basic manufactures	3,414,709	48,101	1.41	4,083,795	54,142	1.33	4,211,225	50,551	1.20
7	Machines, transport equipment	1,746,561	10,103	0.58	2,302,241	15,356	0.67	2,534,939	16,016	.63
8	Miscellaneous manufactured goods	846,041	1,815	0.21	1,127,070	5,668	0.50	1,349,296	5,464	.40
9	Goods not classified by kind	741,880	5,918	0.80	1,086,673	2,681	0.25	806,371	6,536	.81
	TOTAL-	14,613,376	194,853	1.33	17,472,196	227,604	1.30	18,022,544	222,687	1.24

Note: - Not applicable.

Source: Commodity Trade Statistics, United Nations, 1964-1966.



German imports in recent years have been growing steadily and in all probability will continue to do so. This trend was facilitated by a reduction in duties designed to stimulate imports in an attempt to alleviate the tension between supply and demand. Most of the tariff cuts were of significance, in terms of trade, to the EEC countries.

West Germany's imports in total (Million U.S. dollars CIF) and percentage yearly increases were as follows:

<u>YEAR</u>	<u>TOTAL</u>	<u>PERCENTAGE INCREASE FROM PRECEDING YEAR</u>
1962	12,280	12.24
1963	13,019	6.02
1964	14,613	12.24
1965	17,473	19.57
1966	18,022	3.12

The expansion of imports in Germany in 1965 have been particularly pronounced in finished manufactures and food. Unfavourable weather conditions in the spring and summer of 1965, were largely responsible for rising food imports. The rise in imports of raw materials and semi-manufactures slowed down in 1965 after brisk stockbuilding in 1964.

With food consumption rising there has been a substantial increase in the amount of foodstuffs imported into West Germany.



It is characteristic that in recent years in Germany there has been a reduction in the consumption of cereals and potatoes and an increase in the consumption of fruit, and food of animal origin.

The most important supplier to West Germany is the United States, followed by France, Holland and Italy.

The Table below shows West German imports by selected countries and their percentage share of total imports, 1964-1966:



WEST GERMANY'S FOREIGN TRADE WITH THE SELECTED COUNTRIES,  
 TOTAL (IN THOUSAND U.S. DOLLARS)  
 AND PERCENTAGE OF TOTAL IMPORTS

	1964		1965		1966	
	Total	Percen-	Total	Percen-	Total	Percen-
		tage of		tage of		tage of
United States	2,016,667	13.80	2,295,910	13.14	2,293,156	12.72
Canada	194,855	1.33	227,604	1.30	222,687	1.24
Argentina	144,203	0.99	175,970	1.01	161,941	.90
Brazil	176,906	1.21	204,125	1.17	207,953	1.15
Venezuela	125,649	0.86	92,023	0.53	82,666	.46
Belgium Luxembourg	1,075,767	7.36	1,353,375	7.75	1,401,496	7.78
France	1,567,179	10.72	1,960,501	11.22	2,150,943	11.93
Italy	1,117,133	7.64	1,640,731	9.39	1,670,213	9.27
Netherlands	1,337,218	9.15	1,705,795	9.76	1,715,812	9.52
United Kingdom	688,217	4.71	771,635	4.42	777,468	4.31
Denmark	315,274	2.16	370,361	2.12	341,374	1.89
Norway	193,515	1.32	215,276	1.23	221,061	1.23
Sweden	575,579	3.94	617,335	3.53	596,921	3.31
Austria	379,302	2.60	425,157	2.43	417,631	2.32
Switzerland	445,344	3.05	524,140	3.00	529,632	2.94
Spain	191,167	1.31	209,296	1.20	206,582	1.15
Finland	164,042	1.12	177,298	1.01	175,219	.97
U.S.S.R.	170,429	1.17	210,505	1.20	245,324	1.36
Iran	175,270	1.20	154,698	0.89	171,537	.95
Australia	115,282	0.79	120,770	0.69	121,000	.67
Other Countries	3,444,378	23.57	4,019,691	23.01	4,311,928	23.93
TOTAL-	14,613,376	100.00	17,472,196	100.00	18,022,544	100.00

Source: Commodity Trade Statistics, United Nations, 1964-1966.



West German exports are enjoying continuing and expanding foreign demand. This demand is not only evident in the EEC countries, but also from the entire Western World. German economists forecast an overall rise of German merchandise exports of approximately 10-12% yearly.

West Germany exports by commodity groups (SITC classification) to all countries and to Canada, total and percentage of total were as follows:

(see Page 31)



The table below shows West Germany's exports to all countries and to Canada, total and percentage of total:

SITC No.	Item	1964				1965				1966			
		Total		Canada as Percent-		Total		Canada as Percent-		Total		Canada as Percent-	
		To World	U.S. Dollars	To Canada	Total	To World	U.S. Dollars	To Canada	Total	To World	U.S. Dollars	To Canada	Total
0	Food and live animals	295,429	1,504	0.51	370,471	1,809	0.48	356,437	2,024	0.57	31	—	—
1	Beverages and tobacco	52,177	740	1.42	64,101	833	1.30	69,396	1,191	1.72			
2	Crude materials, excluding fuels	437,540	825	0.19	518,126	600	0.12	607,966	1,200	0.20			
3	Mineral fuels, etc.	781,528	473	0.06	728,037	348	0.05	726,784	—	—			
4	Animal, vegetable oil, fat	45,001	265	0.59	60,232	239	0.40	64,771	271	0.42			
5	Chemicals	1,886,528	14,420	0.76	2,077,417	16,700	0.80	2,414,029	22,903	0.95			
6	Basic manufactures	3,536,060	34,361	0.97	3,986,712	51,851	1.30	4,494,708	60,997	1.36			
7	Machines, transport equipment	7,531,313	78,406	1.04	8,269,305	96,853	1.17	9,295,913	113,027	1.22			
8	Miscellaneous manufactured goods	1,439,805	20,684	1.44	1,572,492	23,093	1.47	1,807,971	26,807	1.48			
9	Goods not classified by kind	209,688	1,561	0.74	245,459	652	0.27	296,159	1,361	.46			
	TOTAL-	16,215,069	153,239	0.95	17,892,352	192,978	1.08	20,134,134	229,781	1.14			

Note: - Not applicable.

Source: Commodity Trade Statistics, United Nations, 1964-1966.



West German exports in total (in million U.S. dollars F.O.B.) and percentage yearly increases were as follows:

<u>YEAR</u>	<u>TOTAL</u>	<u>PERCENTAGE INCREASE FROM PRECEDING YEAR</u>
1962	13,264	4.55
1963	14,616	10.19
1964	16,215	10.94
1965	17,895	10.36
1966	20,134	12.51

By selected countries, West German exports were as follows:

(see Page 33)



WEST GERMANY'S FOREIGN TRADE WITH THE SELECTED COUNTRIES,  
 TOTAL (IN THOUSAND U.S. DOLLARS)  
 AND PERCENTAGE OF TOTAL EXPORTS

	1964		1965		1966	
	Total	Percen- tage of Total	Total	Percen- tage of Total	Total	Percen- tage of Total
United States	1,197,045	7.38	1,435,918	8.03	1,795,166	8.92
Canada	153,239	0.95	192,978	1.08	229,859	1.14
Argentina	107,732	0.67	115,105	0.64	115,830	.58
Brazil	91,037	0.56	89,617	0.50	149,083	.74
Venezuela	88,435	0.55	106,396	0.59	113,298	.56
Belgium Luxembourg	1,221,028	7.53	1,391,049	7.77	1,606,652	7.98
France	1,856,764	11.45	1,948,738	10.89	2,304,768	11.45
Italy	1,146,988	7.07	1,123,074	6.28	1,412,356	7.01
Netherlands	1,684,953	10.39	1,843,477	10.30	1,994,218	9.89
United Kingdom	679,810	4.19	701,535	3.92	782,855	3.89
Denmark	526,019	3.24	581,679	3.25	582,785	2.90
Norway	312,500	1.93	348,116	1.95	378,176	1.88
Sweden	814,790	5.02	938,721	5.25	893,942	4.44
Austria	823,215	5.08			1,050,305	5.22
Switzerland	1,138,425	7.02	1,158,480	6.47	1,218,048	6.05
Spain	323,327	1.99	419,815	2.35	515,750	2.56
Finland	239,752	1.48	292,440	1.63	279,917	1.39
U.S.S.R.	193,547	1.19	146,532	0.82	135,303	.67
Iran	112,164	0.69	157,536	0.88	207,046	1.03
Australia	149,550	0.92	167,925	0.94	169,233	.84
Other Countries	3,354,659	20.70	4,733,221	26.46	4,199,544	20.86
TOTAL-	16,214,979	100.00	17,892,352	100.00	20,134,134	100.00

Source: Commodity Trade Statistics, United Nations, 1964-1966.



The most important consuming country of West Germany's commodities is France. It is followed by the Netherlands, Switzerland, Belgium, and Luxembourg. The United States occupies fifth place.

It is interesting that West Germany abandoned its stand against granting longer-term credits to the communist countries, thereby breaching the Berne Agreement. Recent West German trade missions to Bulgaria, Hungary, Poland and Rumania made it clear that Germany was willing to underwrite exports on a seven-year payment term. West German exports to the countries forming the Eastern Bloc increased in 1966 by 24%.

Western Germany is one member of the European Economic Community. The core of EEC is a customs union. This is further complemented by the freedom of enterprises to open branches anywhere in the EEC area, by transportation co-ordination and a free exchange of capital and services.

In order that genuine competition shall not be nullified by the abolition of customs duties and quotas through subsidies and grants, all such measures are forbidden, except for a very few exceptions.

Powers that are to devolve on the Community are: Agricultural and transportation policies, cartel and monopoly control and the issuance of guiding principles for capital business.

West Germany's chief trading partners are the members of EEC. In 1966, 36.34% of West Germany's exports went to EEC countries and 25.19% to members of EFTA countries; while 38.58% of West Germany's imports come from EEC countries, and only 16.3% from EFTA countries. However, the United States remains West Germany's largest single supplier.



The West German Government feels that contacts between the EEC and both Great Britain and other EFTA countries should be widened and intensified and take as practical a form as possible.

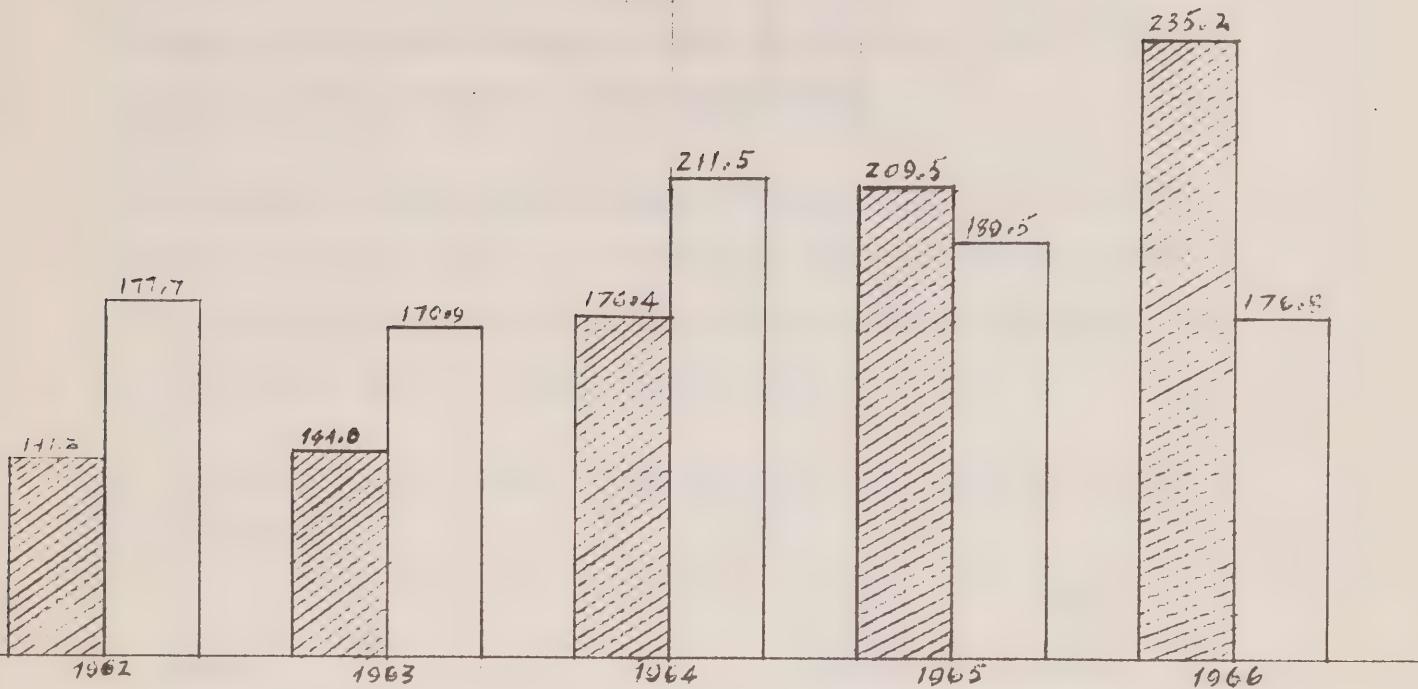
Since 1966, the economic stagnation in West Germany and the slackening of home demand has caused a drop in West Germany's import and more aggressive export policy. West German companies have intensified their efforts to obtain orders abroad and at the same time have fulfilled these orders with relatively short delivery dates.

West Germany's economists are expecting, in 1968, a sharp rise in consumer purchasing.



14. Canadian Foreign Trade with West Germany

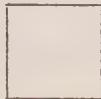
West Germany is Canada's fourth most important trading partner. Our Foreign Trade with West Germany during 1960-1965, was as follows:



Canadian  
Imports  
from W.  
Germany

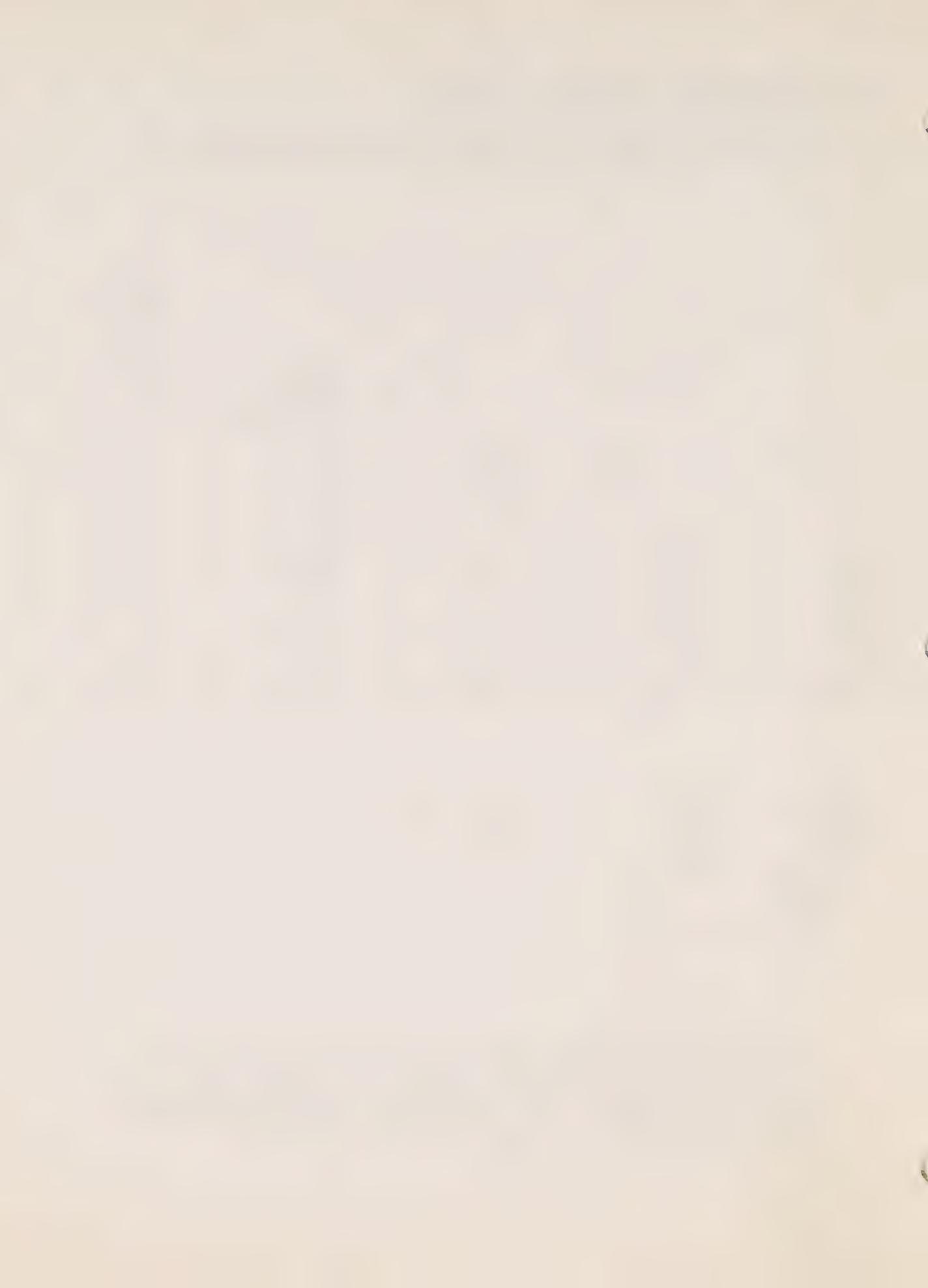


Canadian  
Exports  
to W.  
Germany



Source: D.B.S.

The most important Canadian export items to West Germany were industrial raw materials and semi-manufactured goods including nickel, zinc, lead, copper, aluminium, iron ore, asbestos, wood pulp and agricultural products (mainly wheat). But there has been an encouraging increase in finished products, which should continue in the future.



Our foreign trade with West Germany from January to September 1967 in comparison with the same lapses of time in 1966 was as follows (\$'000):

	Jan to Sept 1967	Jan to Sept 1966
Canadian export to W. Germany	119,555.	129,587.
Canadian imports from W. Germany	184,631.	170,310.

In 1966, for the second consecutive year, Canada had a trade deficit with West Germany, after many years of surpluses.

Canadian share of West Germany's import dropped from 1.43 per cent of the total imports in 1963 to 0.9 percent of the total imports in 1966. De-contrary share of the total of West Germany's exports increased from 1.0 per cent in 1963 to 1.1 per cent in 1966 <sup>1</sup>.

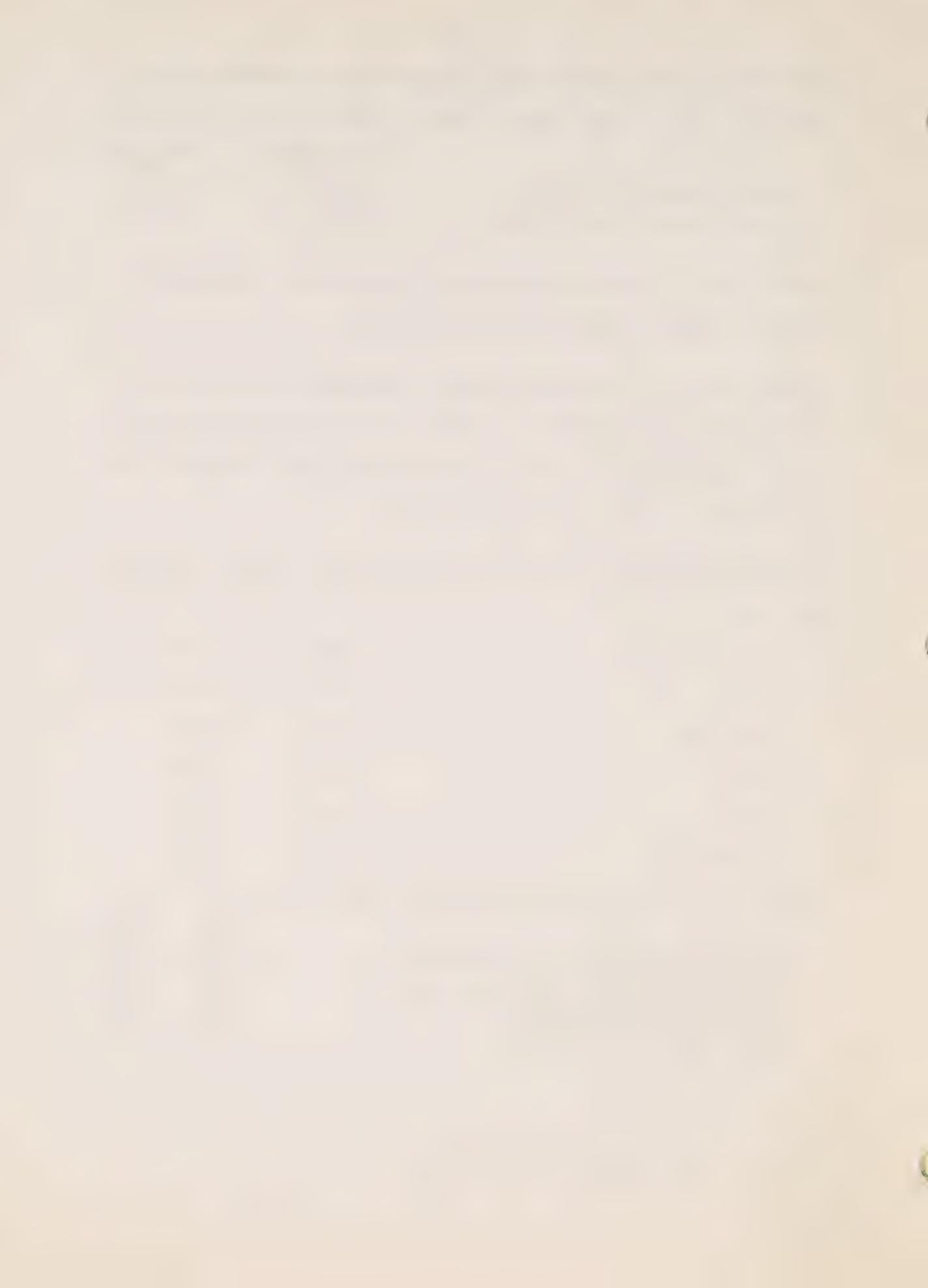
In the last two year's (1965 - 1966) our exports of selected commodities have decreased:

	<u>1965</u>	<u>1966</u>
Wheat	36,486	29,055
Other Seeds	4,538	3,495
Copper	6,340	2,946
Zinc	5,461	2,871
Iron Ore	7,106	5,019

and have increased our imports of certain commodities.

	<u>1965</u>	<u>1966</u>
Flannel napped fabric, cotton, coloured	1,117	1,698
Bearing Pile, carbon steel	1,094	1,673
Conveyors, conveying systems and parts	217	1,302
Combine reaper and thresher	1,190	1,700
Wheel Tractors, diesel type	1,128	7,726

<sup>1</sup> Source: Statistisches Jahrbuch, 1967



It is fair to say that the German market is wide open to almost every type of Canadian good, provided they are competitive. The tariff is not prohibitive, although recent tariff changes, under the EEC regulations, have given our European competitors an advantage.

In West Germany there are opportunities for Canadian exporters to expand existing exports and to introduce new lines of goods.

The pressures on wages and the need to re-equip many existing plants, to remain competitive, has given rise to demands for all types of labour-saving devices.

The dominant trend in the West German economy today is towards mechanization, rationalization and labour saving in both the industrial and the domestic fields. This means an expanding demand for automated equipment, automatic vending machines, labour saving office equipment and labour saving shop fittings.

Labour-saving items for the home, such as dishwashers, mixers and prepared food products of all types, are becoming popular because of the increasing number of housewives entering the labour force.

Imports of paper and paperboard into Germany is now dominated by European producers, principally Scandinavian. The rising consumption of paper and paperboard in West Germany may also give opportunities



to Canadian exporters. Future Scandinavian sources of supply are inadequate to meet the growing European demand.

Other opportunities for our exporters are in markets for automotive maintenance and service equipment. West Germany ranks second among the world's automobile manufacturers. It produces nearly 50% of all cars made on the European continent. At the same time, German motor vehicle registrations are climbing steadily.

Recent motor vehicle registrations are as follows:

<u>YEAR</u>	<u>000's</u>
1960	8,003.7
1961	8,825.4
1962	9,714.0
1963	10,486.5
1964	11,284.5
1965	12,168.0
1966	13,147.0

Possibilities exist for increases in Canadian molybdenum, vanadium, columbium and titanium exports to West Germany. These hard-to-get metals are used in specialty steels where production in West Germany is rising fast.

Building materials also represent possibilities for expanded Canadian exports. According to "Germany Reports", published by the Press and Information Office of the Federal Government of Germany (Edition 1964) from 1950 to 1961 inclusive, a total of \$30,500 million was raised for housing purposes. A sample test of housing accommodation throughout



West Germany shows that about 900,000 dwellings are unfit for habitation and will have to be demolished. Some 3.5 million dwellings require reconstruction and 3.4 million dwellings need improvements. In 1965 West Germany constructed 232,536 houses with 535,613 apartments. The expenses for this construction were estimated to be DM. 22,882 million.

In spite of the fact that the German market for leather is decreasing, Germany will continue to import hides and skins for its leather industry. There are further opportunities for Canadian exporters. Germany is an interesting market for leather coats, jackets and other leather goods. West Germany total imports of leather increased from DM. 258.2 million in 1964 to DM. 373.6 million in 1966.

Canadian exports of consumer items should also be explored as West German prosperity and the demand for wider choices increase.

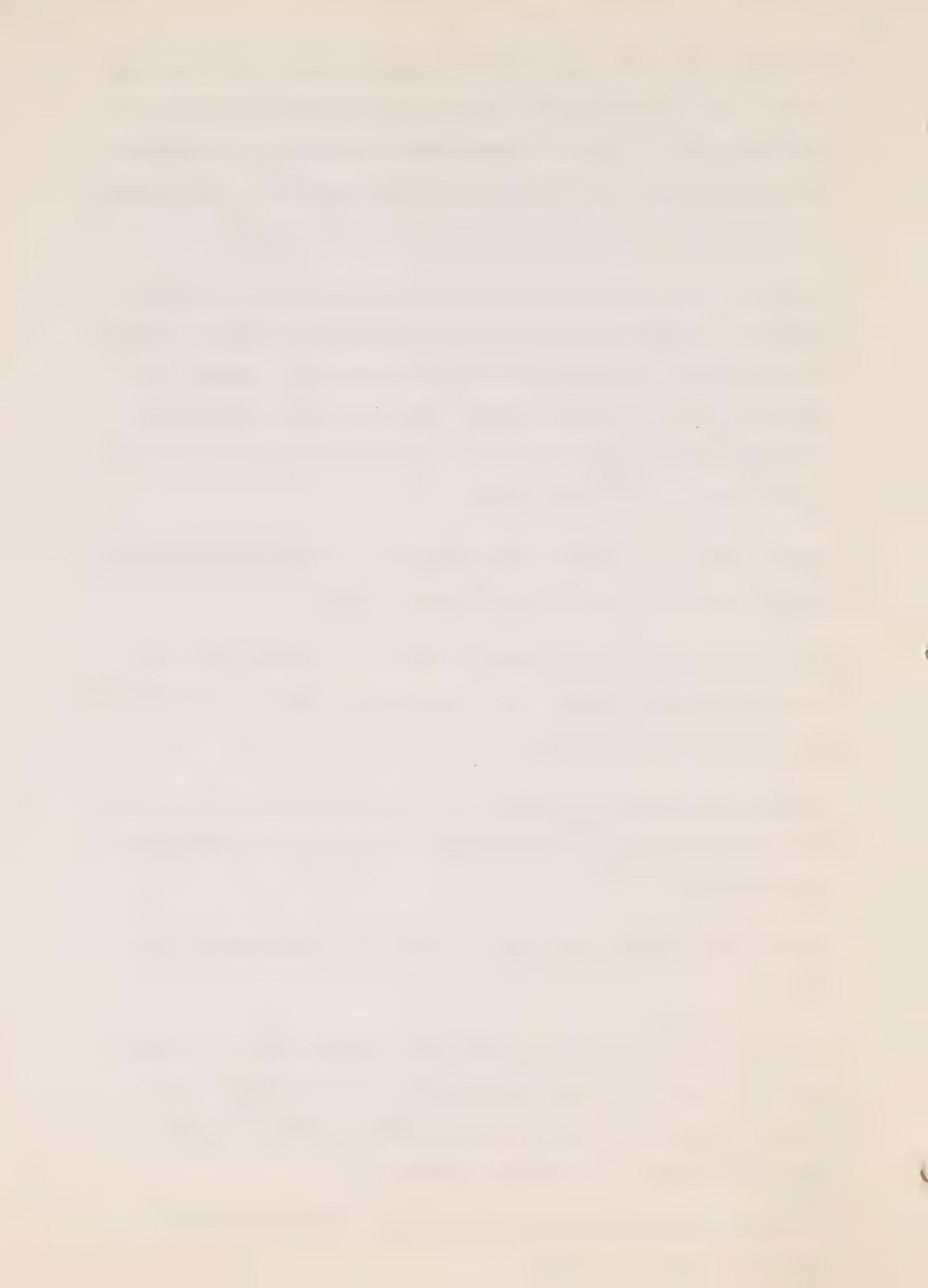
There have been important increases in the sale of Canadian furs and fur garments in West Germany. Total West Germany imports of furs increased from DM. 88.3 million in 1964 to DM. 140.1 million in 1966.

In Germany there are new opportunities for consumer goods in the leisure and recreational fields. These include, camping trailers, hockey equipment and skates.

Prospects for Canadian raw plastics, in bulk and in end products, are also good.

Despite the fact, that with the progressive implementation of the Rome Treaty, our exports into the German market face an increased tariff hurdle, the outlook is favourable and we should continue to achieve our share of Germany's increasing requirements.

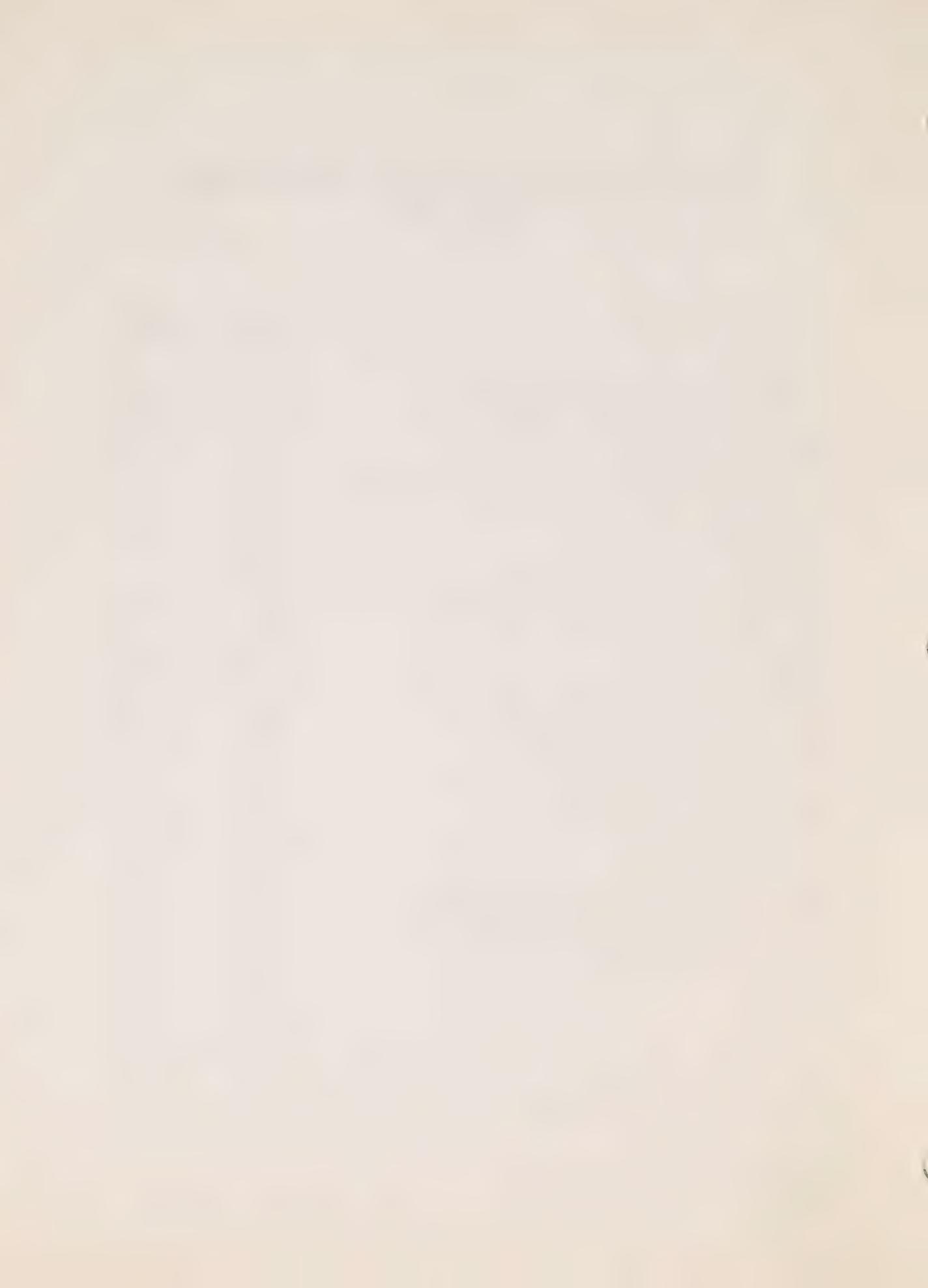
The following tables show Canadian imports and exports of selected commodities with West Germany.



CANADIAN IMPORTS OF SELECTED COMMODITIES FROM WEST GERMANY

1965 and 1966

Commodities	1965 \$000's	1966 \$000's
Rubber belts and belting, conveying	138	499
Flannel napped fabric, cotton, colored	1,117	1,698
Concrete reinforced bars, carbon steel	3,502	1,949
Bars, carbon steel, hot rolled, n.e.s.	2,706	1,997
Wire rods, steel, hot rolled	3,851	3,006
Plates carbon steel, 60 inches or less, n.e.s.	2,568	1,651
Plates carbon steel, over 60 to 100 inches, n.e.s.	4,129	2,710
Sheet carbon steel, 24-51 inches	1,157	2,233
Bearing pile, carbon steel	1,094	1,673
Wire, steel for wire rope	1,220	-
Chain for agricultural implements	1,070	-
Pipe fittings, iron and steel welding	1,986	1,867
Colourless sheet glass, not over 34 oz.	1,014	1,005
Ball bearings, unmounted, n.e.s.	1,043	839
Roller bearings	1,153	1,007
Conveyors, conveying system and parts	217	1,302
Lathes, metal working and parts	1,637	1,743
Paper converting machinery and parts	1,302	892
Offset, lithographing presses	1,297	1,351
Knitting machinery and parts	1,043	1,149
Plastic industry machinery and parts	1,243	947
Combine reaper - thresher	1,190	1,700
Wheel tractors, diesel type	1,128	7,726
Closed sedans, new	38,011	28,668
Station wagons, new	5,135	3,876
Parts of motor vehicle engines, n.e.s.	1,707	1,084
Parts and accessories for motor vehicles	2,576	3,396
Telegraph apparatus, equipment and parts	1,484	1,050
Parts of domestic sewing machines	1,426	736
Cameras, still picture	1,089	731
TOTAL-	88,233	78,485
TOTAL CANADIAN IMPORTS-	209,517	235,207



CANADIAN EXPORTS OF SELECTED COMMODITIES TO WEST GERMANY

1965, 1966 & January-June 1966 & 1967

Commodities	1965 \$000's	1966 \$000's	Jan.-June 1966 \$000's	Jan.-June 1967 \$000's
Wheat	36,486	29,055	6,005	12,104
Other grains	5,244	5,765	5,520	1,703
Flaxseed	3,629	4,821	1,510	1,130
Other seeds	4,538	3,495	2,789	319
Aircrafts & engines & parts	4,972	3,933	1,901	1,325
Aluminum	8,405	7,898	2,884	4,623
Copper	6,340	2,946	2,627	2,720
Nickel	7,304	9,591	5,852	3,612
Zinc	5,461	2,871	1,570	752
Asbestos	12,472	12,779	4,310	3,113
Iron ore	7,106	5,019	1,335	1,229
Tobacco	495	1,222	1,205	303
Furs	2,717	3,812	3,244	841
Veneers, plywood	4,367	4,525	2,373	2,272
Lumber	3,041	2,326	1,530	1,542
Pig iron	3,014	1,048	574	437
Iron & steel products	2,679	3,735	1,743	1,049
Scrap iron & steel	1	1	-	-
Magnesium	1,477	893	722	323
Plastics & synthetic rubber	4,053	2,192	1,002	958
Woodpulp	10,731	12,184	5,790	8,265
Cardpunch machines, computers & parts	3,219	2,715	1,710	1,191
 TOTAL-	 137,751	 122,826	 56,196	 49,811
 TOTAL EXPORTS TO WEST GERMANY-	 189,493	 176,800	 81,663	 77,098

Source: Dominion Bureau of Statistics: Trade of Canada.



15. Balance of Trade

According to "Statistisches Jahrbuch" West German Imports and Exports and its Balance of Trade, during 1954-1965, in Million DM, were as follows:

<u>YEAR</u>	<u>IMPORTS</u>	<u>EXPORTS</u>	<u>IMPORT SURPLUS(-) EXPORT SURPLUS(+)</u>
1954	19,337	22,035	+2,698
1955	24,472	25,717	+1,244
1956	27,964	30,861	+2,897
1957	31,697	35,968	+4,271
1958	31,133	36,998	+5,865
1959	35,823	41,184	+5,361
1960	42,723	47,946	+5,223
1961	44,363	50,978	+6,615
1962	49,498	52,975	+3,476
1963	52,277	58,310	+6,032
1964	58,839	64,920	+6,081
1965	70,448	71,651	+1,203
1966	72,670	80,628	+7,958

An upturn in the economy, with a resulting increased demand for imports, would probably mean that the trade balance surplus would decline substantially.

West Germany needs a large trade surplus in the fields of services and capital transfers to compensate for its deficit in the Balance of Payments.



### Balance of Payments

According to the Europe Yearbook, West Germany's Balance of Payments during 1962-1965, was as follows (Million DM):

	1963	1964	1965
<i>Goods and Services:</i>			
Merchandise f.o.b. . . . .	9,166	9,654	5,095
Services . . . . .	-3,235	-4,228	-5,490
NET BALANCE OF GOODS AND SERVICES . . .	5,931	5,426	-- 395
<i>Transfer Payments:</i>			
Private . . . . .	-1,603	-1,845	-2,375
Official . . . . .	-3,355	-3,100	-3,444
Net transfer payments . . . . .	-4,958	-4,945	-5,819
NET BALANCE OF CURRENT ITEMS . . .	973	481	-6,214
<i>Long-Term Capital:</i>			
<i>German Investments Abroad:</i>			
Private . . . . .	-1,184	-1,815	-1,895
Official . . . . .	-1,120	-1,161	-1,213
Total . . . . .	-2,304	-2,976	-3,108
<i>Foreign Investments in Germany:</i>			
Private . . . . .	4,315	2,260	3,881
Official . . . . .	- 61	- 98	- 75
Total . . . . .	4,254	2,162	3,806
Net long-term capital . . . . .	1,950	- 814	698
NET BASIC BALANCE . . . . .	2,923	- 333	-5,516
<i>Short-Term Capital:</i>			
Credit institutions . . . . .	704	51	- 187
Enterprises . . . . .	21	173	837
Public authorities . . . . .	- 458	-1,447	1,149
Net short-term capital . . . . .	267	-1,223	1,799
NET BALANCE OF CURRENT ITEMS AND CAPITAL	3,190	-1,556	-3,717
Net Errors and Omissions . . . . .	- 618	1,568	2,211
Movement of Gold and Exchange (change in net monetary reserves of Deutsche Bundesbank)	2,572	12	-1,506

German foreign exchange expenditures on tourism exceeds revenue from the same sources. In 1966, the revenue from tourism was DM 3,188 million and expenditures DM 6,467 million. Remittances of foreign workers, employed in Germany, to their native countries were in 1965, DM 2,506 million and in 1966, DM 2,853. On capital account, the West German balance of payments shows a deficit. In 1966, the revenue of capital invested abroad was DM 1,497 million and expenditures DM 3,154 million. The trade and service revenue from foreign military forces in West Germany are high. It amounted in 1966 to DM 4,956 million. Bonn's monetary reserves, as of November 1967 stood at \$7,950 million, of which \$4,277 was in gold, \$1,036 Reserve position in the Fund, and \$2,637 million in Foreign exchange.



Since the second quarter of 1964 the West German Balance of Payments has resulted in a consistently large deficit as against previous large surpluses. The reversal reflected a sharp deterioration of the trade balance, a continuous increase in the net payments of services and public transfers, and the cessation of formerly large net inflows of private long-term capital. Deficits have partly been offset by short-term capital transactions, which have, on balance, produced sizeable surpluses.

Increasing deficits on service transactions mainly result from large remittances abroad, made by foreign workers in West Germany, and by higher tourist spendings abroad.

In 1965 this deterioration, however, was not taken too seriously. In view of the currency reserves, amounting to about DM 28 billion, there is widespread opinion that West Germany could afford a deficit balance of payments situation after many years of high foreign exchange surpluses.

Although the current account in the balance of payments showed a surprisingly high deficit amounting to DM 6.2 billion in 1965, the loss in foreign exchange at the Bundesbank amounted to only DM 1.5 billion. The remaining balance of DM 4.7 billion was mainly the result of foreign borrowing by industries and public authorities. Inflows of credit and capital prevented an outflow of foreign exchange proportional to the deficit of the current account.

For 1966 the trend towards a rising deficit on services and transfer payments will probably weaken. The growth of foreign worker's remittances abroad slowed down with a smaller intake of foreign labour.



17. Trade Policy

The West German market is free with a minimum of controls. All transactions in foreign trade and transactions requiring international payments are, in principle, free and unrestricted. Dollar exchange is readily obtainable in any amount.

Import restrictions are permitted only for the protection of certain sectors of the economy or for the following other reasons:

- a) Obligations incurred under international agreements notified by Germany.
- b) Retaliation against similar measures introduced by other countries.
- c) National security, including embargoes.

German Custom Tariffs conform to the treaties establishing the European Economic Community.

West Germany, originally a low-tariff country, is now moving up to the EEC's common level with respect to imports from the outside world. To encourage imports, as an anti-inflationary measure, the Government in 1964 introduced unilaterally advanced tariff cuts on EEC products



and slightly reduced tariffs on outside imports where these were higher than EEC's common outer tariff.

The basis of duty assessment in West Germany is "ad valorem." Tariff rates are, in general, moderate and range from 5-25 percent on most finished products. Duty-free treatment is applied to certain basic foodstuffs and industrial raw materials. There are special "in quota" duty rates, extended tariff reductions on certain commodities, when imported from specified countries during a specified period of time.

Most products may be imported into West Germany and West Berlin, free of import licenses or other controls. Exceptions are agricultural commodities subject to quantitative restrictions which may be imported under quotas established by the German authorities.



17a. Foreign Investment

In W. Germany, there is no foreign investment approval mechanism. Foreigners can establish or purchase enterprises in Germany without special license or permission, acquire securities, land or mortgages, receive loans from abroad, maintain bank accounts in local or foreign currency, and receive from overseas, or transfer abroad, unlimited payments of dividend and interest. The only requirement is that foreign investors inform the Landeszentral bank of their investments for statistical purposes.

According to the "Bundesbank" total German direct investment abroad, from 1952 to June 30, 1965, amounted to 7,812,237,700 DM (net).

German companies are increasingly looking abroad for new investment opportunities.

53.08 per cent of German foreign investments were concentrated in Europe, with 24.92 per cent in other EEC countries and 23.19 per cent in EFTA countries. The second major focus of interest was Latin America accounting for 17.00 per cent, followed by North America with 16.2 per cent.

Total German investment abroad in 1965 was divided accordingly:

	Million MD	As percentage of total
North America	1,266.5	16.2
Canada	798.0	10.21
The United States	468.5	5.99
Europe	4,146.9	53.08



	Million MD	As percentage of Total
France	722.2	9.24
Belgium - Luxembourg	699.3	8.95
Italy	332.6	4.26
Netherlands	193.6	2.47
Denmark	60.8	0.78
Austria	392.3	5.02
Switzerland	1,051.6	13.46
Great Britain	133.5	1.71
Sweden	94.0	1.20
Spain	262.0	3.35
South America	1,328.1	17.00
Brazil	846.5	10.84
Africa	449.3	5.75
Asia	257.5	3.30
Australia and Oceania	134.5	1.72

The country receiving the largest portion of West German capital was Switzerland and Brazil ranked second. In descending order other important recipients were Canada, France, Belgium - Luxembourg and the United States.

68% of the Germany's direct investment was in the form of participations. Loans to affiliated enterprises represented 25% and the remaining 7% represented capital transfers to foreign branches.

The total number of German foreign investors amounted to approximately 5,100. More than half of the total capital (3.8 billion DM) was invested in only 24 companies. The nine largest investors accounted for nearly 2.7 billion DM.

According to W. German sources, direct investment in Canada from 1952 to June 1965 was 798.0 Million DM or 10.21 per cent of total foreign W. German Investments.



In Ontario 40 important firms were the result of West German investment and represented some of the most important firms in Canada.

The net inflow of foreign direct investments to W. Germany from September 1, 1961 to June 30, 1965, totaled 6,478 million DM.

The origin of these foreign investments by geographic and economic areas were as follows:

	Million DM	As percentage of Total
Europe		
EEC countries	3,179.4	49.08
EFTA countries	1,277.1	19.71
Developing countries	1,896.7	29.28
Other countries	4.2	0.06
America		
North America	1,189.8	50.65
Central America	61.6	49.24
South America	29.5	0.94
Africa	2.0	0.46
Asia	15.5	0.03
Australia	0.2	0.24



The United States is the largest single foreign investor in West Germany accounting for 2,948.5 million DM or 45.52 per cent of the total.

West Germany's partners in the EEC also invested 1,277.1 million DM or 19.71 per cent of total. This was broken down as follows:

Belgium - Luxembourg	295.5	million DM or	4.56%
France	267.0	" " "	4.12%
Italy	190.0	" " "	2.93%
Netherlands	524.6	" " "	8.10%

EFTA countries made direct private investments in Germany, amounting to 1,896.7 million DM or 29.28 per cent of total. This is broken down as follows:

Great Britain	581.2	million DM or	8.97%
Norway	0.4	" " "	-
Austria	12.1	" " "	
Denmark	19.8	" " "	
Sweden	133.6	" " "	2.06%
Switzerland	1,149.6	" " "	17.75%

From Canada came 241.3 million DM or 3.72 per cent of total investments, and interestingly, from Central and South America, 91.1 million DM or 1.40 per cent of total foreign investments.

The proportion of foreign capital investment by country of origin varies from sector to sector. The U.S. investor favours the automobile and mineral oil industries, electronics and chemical industry. Dutch capital is found in food production, electrical engineering and in the chemical and mineral oil industries. The Swiss concentrate on the chemical industry and non-ferrous metals, insurance and textiles. British interests range from chemical production, mechanical engineering and tobacco to foodstuffs. French capital finds its way into the glass industry



man-made fibres and coal-mining. Belgium and Luxembourg have large holdings in Federal Republic coal and steel industries and the Swedes in the manufacture of ball bearings and matches.



United States direct private investment in W. Germany continues to expand. According to information from Rundt's Intelligence, United States investment in 1966 will expand by another one-third over the 1965 total.

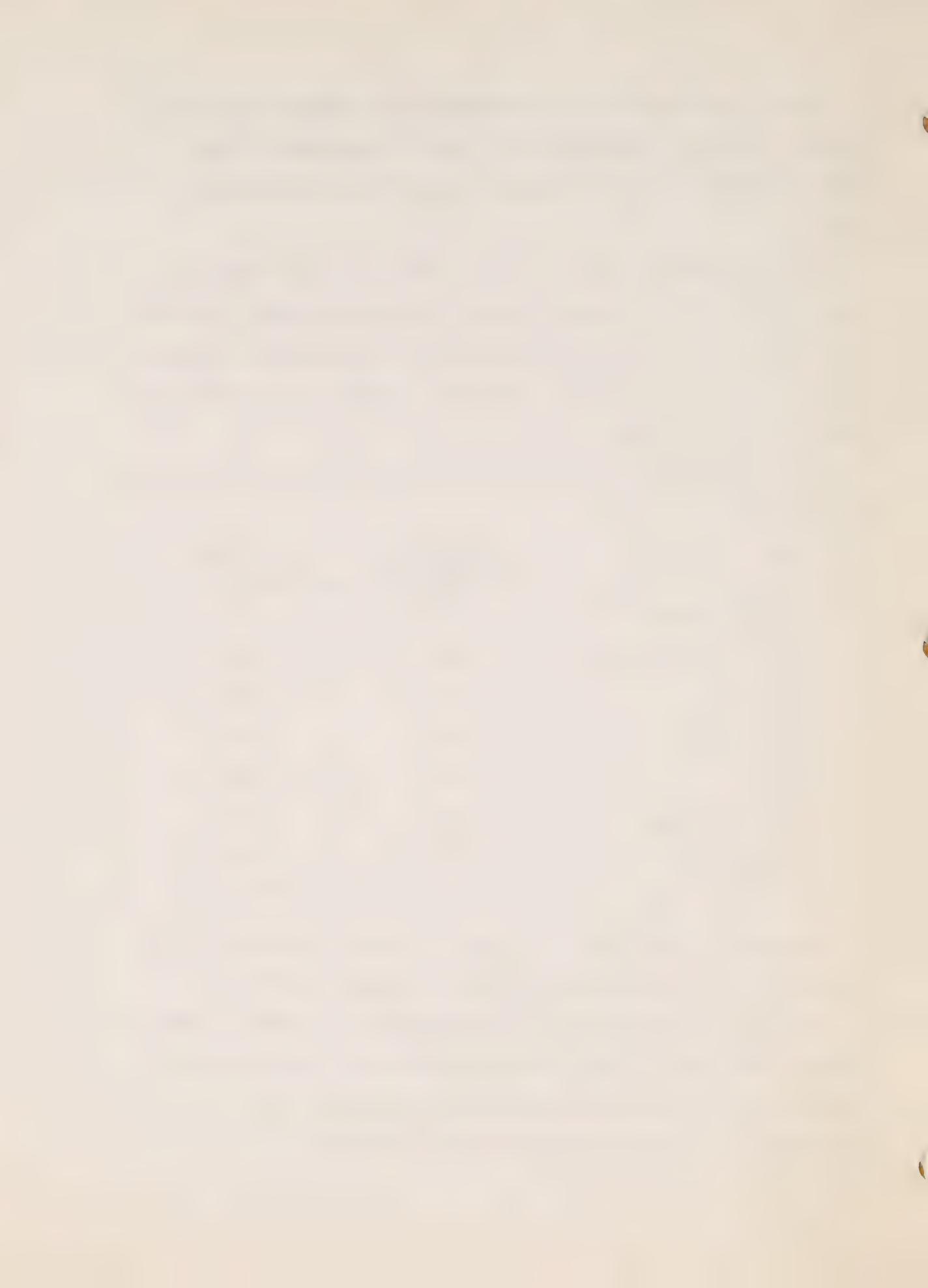
Foreign investment in West Germany, however, is concentrated in relatively few fields; the most preferred being the petroleum, automotive and chemical industries. Other industries that have attracted considerable foreign capital include textiles, electrical products, food, rubber, non-ferrous metals and tobacco.

Selected branches of industry in W. Germany, with foreign investments are as follows:

Branch	Investment in Million DM	As % of Total
Non-ferrous metal	138.7	2.14
Fuel; oil and gasoline	1,793.0	27.68
Electrical	274.2	4.23
Autos and parts	589.2	9.09
Textiles	364.3	5.62
Food and Beverages	330.0	5.09
Transportation	272.9	4.21

According to German law, the concept of direct investment includes only capital "inflows which produce long run economic benefits".

The payments of foreigners for the acquisition of shares of domestic (German) enterprises or loans to German firms without specific economic influences are not included in the foregoing statistical data, and are not identical with total foreign investment in Germany.



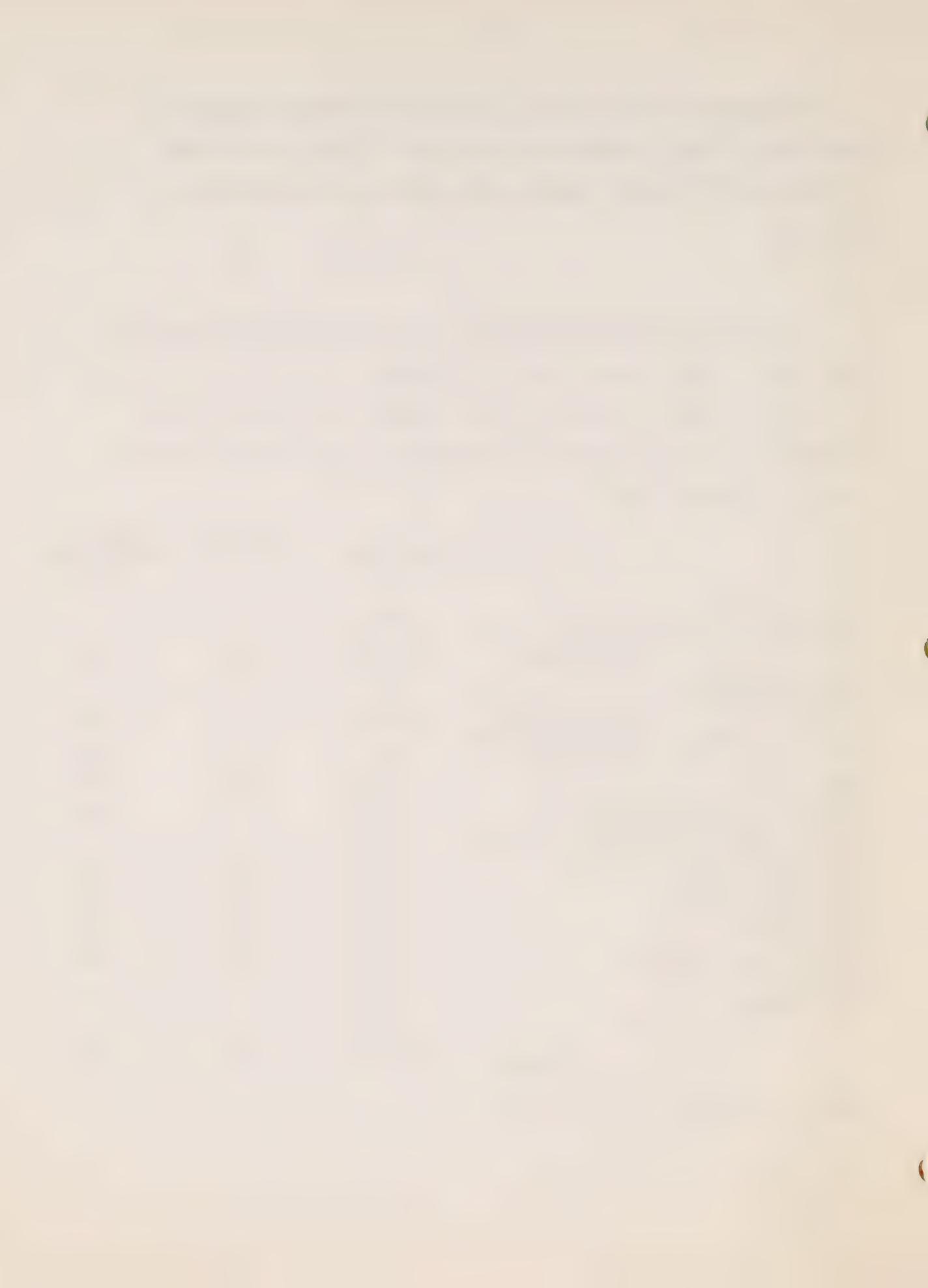
Following the above criteria, another German Government publication shows total foreign investment at 11.1 billion D.M. up to end of 1964. Of this total the Canadian share is 201.1 million DM or 1.8 per cent of the total.

According to another German source of information Canadian investment as at June 30, 1965 amounted to 241.3 million DM.

Taking, however, the figure of 201.0 million DM at the end of 1964, Canadian investment in Germany as a percentage of total foreign investment was sub-divided as follows:

	Total Investment	Canadian Investment	Canada as percentage of Total
Fuel: Oil refineries and Coal	2,041.2		-
Steel Construction, Machinery, Car and Ship building	1,872.3	34.7	1.85
Food and Beverages	1,187.5	-	
Chemical Industry, Plastics, Rubber and Asbestos goods	1,159.4	1.3	0.11
Electronic, Mechanic, Optic, Musical and Sporting goods	1,006.1	0.2	0.02
Trade	815.7	132.4	16.23
Energy, Water resources, Mining	748.8	-	-
Iron and Non-Ferrous Metals	644.0	25.0	3.88
Stones, Ceramic, Glass and Construction	382.5	-	-
Insurance, Finance, Investment	271.2	2.5	0.92
Credit Institutions	265.4	1.1	0.41
Leather and Textile	254.0	0.5	0.20
Transportation	163.7	2.5	1.53
Services	150.9	0.5	0.33
Lumber, Paper, Printing	150.8	0.1	0.07
Agriculture	10.4	-	
Miscellaneous	11.2	0.3	2.67
Total	11,135.1	201.1	1.81

(Source: Wirtschaft und Statistik.)



Major Canadian investors in Germany are:

International Harvester Co.m.b.H.

Massey-Ferguson G.m.b.H.

Canada Dry G.m.b.H.

Aluminium Company of Canada

The Canadian Coleman Company Ltd.

Aero Tool Works Limited

Litton Systems (Canada) Limited

Rapid economic growth in Germany with the possibility that it may become overheated, coupled with economic expansion in Canada, could encourage German investment to come to Canada and Ontario.

West Germany is also becoming increasingly concerned with the extent of American investment in Germany. So far the German Government has adopted a completely neutral policy toward foreign investment. It neither seeks to attract nor to discriminate against outside investment. It has refrained from taking a position.

Of the 100 largest German firms, ten are wholly-owned American subsidiaries and substantial U.S. interests are in many others.

Reported by, (Business Europe 17/2 1966) German manufacturers have recently discussed the danger of U.S. economic penetration with French industrial organizations.



17b. Licensing

Licensing agreements and royalties are unrestricted. Except as provided in double-tax treaties, royalties are subject to a flat 25% tax. Expenses that the foreign licensor may have had to pay to third parties in connection with the license may be deducted.

Proceeds from the sale of patents are also classified as income subject to full income tax.

Licensing under patents has become easier since July 1, 1961, through a decision of the Ministry of Justice, which gives the Patent Office (Deutsches Patentamt, Munich) and its Claims Court final jurisdiction on claims. This should speed up the process of patent licensing.

West Germany has a Double Tax Treaty with Canada.

18. Conclusions

1967 witnessed an end to West Germany's "Economic Miracle", which made that country the most prosperous in all Europe, after the currency reform of 1948. Twenty years of continuous boom, which has slackened off on only a few occasions, has reached a stage of stagnation which could very well develop into a recession. The number of unemployed in December 1966 was 371,600. The industry has been handicapped by a steady rise in wages, which has greatly exceeded the increase in productivity. At present it is estimated that slightly more than 80% of available industrial capacity is being utilized.

During the last quarter of 1967, there were many public statements in



West Germany to the effect that the worst is now over. Although signs are already pointing to an improvement, it is still too early to speak of a general upward trend.

According to the West German Economics Ministry, the West German industrial production in the last months of 1967 rose in excess of the seasonal average and new orders reached a high level. Rising imports of unfinished materials and more active demand for credits were added signs of stronger economic activity.

Industrial production is expected to increase by 4% in 1968, with automobile output likely showing the best gain. Industrial investment plans indicate a rise of 3% to 5%. In its forecasting of economic revival for the year 1968, the West German Research Institute issued a warning against the possibility that strong inflationary pressures in West Germany might come from labour in 1968.

The recent fiscal plan and other West German Government measures seem to portend a switchover from a free enterprise policy to a modest form of economic planning.





